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## NEWS RELEASE

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### **PSC APPROVES WATER DISTRICT MERGER IN GRAVES COUNTY** *Four districts consolidate to form new Graves County Water District*

FRANKFORT, Ky. (May 21, 2008) – The Kentucky Public Service Commission (PSC) today approved the merger of four water districts into the new Graves County Water District.

The new district will combine the Consumers, South Graves, Fancy Farm and Hardeman water districts into a single utility with about 3,100 water customers and slightly more than 200 sewer customers.

Once the merger is completed, Graves County Water District will ask the county judge-executive to expand its territory to include the 25 percent of the county not within the service areas of the county's three other water districts or the two municipal water companies with customers in Graves County.

In approving the merger, the PSC cited Kentucky law which states that consolidation of water districts serves the public interest by reducing wasteful duplication, thus improving service while reducing costs.

Initially, rates for customers of the merged district will not change from those charged by each of the predecessor districts. The PSC ordered the district to unify rates within five years.

Within a year of the merger, the new district is to analyze the cost per customer of its operations and management. During the second year of operation, the new district is to establish a base rate for all customers that reflects the cost analysis, and a surcharge for each of the former service territories that reflects the cost of servicing the remaining debt of the predecessor district.

**-more-**

Mayfield Electric and Water Systems provides management services to the Consumers, South Graves and Fancy Farm districts. The Hardeman district has one full-time and five contract employees. Existing employees and management will not change initially.

The four districts currently have the following numbers of customers:

- Consumers                      1,669
- South Graves                      670
- Fancy Farm                      436 (plus 216 sewer)
- Hardeman                      336

The new district will operate with a board of commissioners consisting of the consolidated boards of the previous districts. The board will be reduced to seven members within two years.

In addition to the economies of scale resulting from the merger, creation of the new district will simplify the extension of water service into portions of Graves County that are not now served by a water system, the PSC said. In the past, service into new area prompted the creation of a new water district, a step that will no longer be necessary.

Today's order and related case files are available on the PSC Web site, [psc.ky.gov](http://psc.ky.gov). The case number is 2007-00496.

The PSC is an independent agency attached for administrative purposes to the Department of Public Protection in the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.